

Town of Lutch

2005 Financial Statements

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Release Date 11-9-05

TOWN OF LUTCHER
Lutcher, Louisiana

FINANCIAL STATEMENTS

APRIL 30, 2005

TABLE OF CONTENTS

	Page No.
<u>INDEPENDENT AUDITORS' REPORTS</u>	
Independent Auditors' Report	1 - 2
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3 - 4
<u>REQUIRED SUPPLEMENTARY INFORMATION – Part I</u>	
Management Discussion and Analysis	5 - 11
<u>BASIC FINANCIAL STATEMENTS</u>	
<u>Government-Wide Financial Statements (GWFS):</u>	
Statement of Net Assets	12
Statement of Activities	13 - 14
<u>Fund Financial Statements (FFS):</u>	
<u>Governmental Funds:</u>	
Balance Sheet	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	16
Statement of Revenues, Expenditures, and Changes in Fund Balances	17
Reconciliation of the Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	18
<u>Business-Type Funds:</u>	
Statement of Net Assets	19
Statement of Revenues, Expenses, and Changes in Fund Net Assets	20
Statement of Cash Flows	21
<u>Notes to the Financial Statements</u>	22 - 36

TABLE OF CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION -- Part II

Budgetary Comparison Schedules:

General Fund	37 - 39
Debt Service Fund	40
Road Maintenance Fund	41

OTHER SUPPLEMENTARY INFORMATION

Schedule of Findings and Questioned Cost	42 - 43
Summary Schedule of Prior Audit Findings and Questioned Costs	44
Corrective Action Plan	45 - 46

PERFORMANCE AND STATISTICAL DATA

Insurance-in-Force	47
Public Utility System Operations (without audit)	48 - 49

Statements of Net Assets as of April 30, 2005 and 2004

Water Fund	50
Sewer Fund	51

Statements of Revenues, Expenses and Changes in Fund Net Assets for the years ended April 30, 2005 and 2004

Water Fund	52
Sewer Fund	53

Statements of Cash Flows for the years ended April 30, 2005 and 2004

Water Fund	54
Sewer Fund	55

Schedule of Principal Officials and Salaries	56
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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Lutchter, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Lutchter, Louisiana, as of and for the year ended April 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Lutchter, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lutchter, Louisiana, as of April 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 15, the Town of Lutchter has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended and interpreted, as of May 1, 2004.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2005, on our consideration of the Town of Lutchter, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 through 11 and 37 through 41, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Litcher, Louisiana's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Postdated & N. N. N. N.

Donaldsonville, Louisiana
September 7, 2005





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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Lutchter, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Lutchter, Louisiana, as of and for the year ended April 30, 2005, which collectively comprise the Town of Lutchter, Louisiana's basic financial statements and have issued our report thereon dated September 7, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Lutchter, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town of Lutchter, Louisiana's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 05-1.

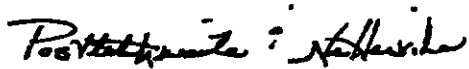
A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, item 05-1, to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Litcher, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 05-2 and 05-03.

We also noted certain additional matters that we reported to management of the Town of Litcher, Louisiana in a separate letter dated September 7, 2005.

This report is intended solely for the information and use of the Board of Aldermen, management, others within the organization, federal awarding agencies, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Donaldsonville, Louisiana
September 7, 2005



TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2005

This section of Town's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on April 30, 2005. Please read it in conjunction with the Town's financial statements, which follow this section. Comparative analysis will be provided in future years when prior year information is available.

FINANCIAL HIGHLIGHTS

- The Town's combined total net assets decreased by \$118,383 or 3.57% over the course of this year's operations. Net assets of our governmental activities increased approximately \$58,737 or 7.05% and decreased approximately \$177,120 or nearly 7.14% in the net assets of our business-type activities.
- During the year, the Town's expenses were \$58,737 less than the \$865,081 generated in charges for services, taxes, and other revenue. In the Town's business-type activities, expenses were \$177,120 more than the \$770,735 generated in revenues.
- The general fund reported a \$315,550 fund balance for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town's government, reporting the Town's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services, like public safety, were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as water and sewer system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

Figure A-1 summarizes the major features of the Town's financial statements, including the portion of the Town's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

TOWN OF LUTCHER

Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2005

Figure A-1 Major Features of Town's Government and Fund Financial Statements				
	Fund Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds	
Scope	Entire Town government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as police, drainage, and streets	Activities the Town operates similar to private businesses: the water and sewer system	
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expense, and changes in net assets • Statement of cash flows 	
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2005

Government-wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net assets and how they have changed. Net assets—the difference between the Town's assets and liabilities—is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town you need to consider additional nonfinancial factors such as changes in the Town's property tax base and the condition of the Town's roads.

The government-wide financial statements of the Town are divided into two categories:

- Governmental activities—most of the Town's basic services are included here, such as the police, streets and drainage, sanitation, and general administration. Property taxes, sales taxes, franchise fees and interest finance most of these activities.
- Business-type activities—The Town charges fees to customers to help it cover the costs of certain services it provides. The Town's water and sewer system are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant funds—not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.

The Town has two kinds of funds:

- Governmental funds—Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2005

- Proprietary funds—Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information.
 - In fact, the Town's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net assets. The Town's combined net assets decreased between fiscal years ended April 30, 2004 and April 30, 2005 to approximately \$3,194,739. (See Table A-1.)

Table A-1		
Town's Net Assets		
	Governmental Activities	Business-Type Activities
Current and other assets	\$ 726,231	\$ 463,462
Capital assets	432,174	2,308,820
Restricted Assets	212,948	145,284
Total assets	1,371,353	2,917,566
Current liabilities	114,980	425,007
Long term Liabilities	364,000	190,193
Total liabilities	478,980	615,200
Net assets		
Invested in capital assets, net of related debt	430,744	2,095,344
Reserved for debt service	277,418	27,947
Reserved for road maintenance	385,537	-
Unrestricted (deficit)	(201,326)	179,075
Total net assets	\$ 892,373	\$2,302,366

Net assets of the Town's governmental activities increased 7.05 percent to \$892,373. Net assets of the Town's business-type activities decreased 7.14 percent to approximately \$2,302,366.

Changes in net assets. The Town's total revenues for the year ended April 30, 2005 were \$1,635,816. Approximately 60.5 percent of the Town's revenue comes from charges for services and 18.9 percent comes from tax collections.

The Town's total expenses for the year ended April 30, 2005 were \$1,754,199. Approximately 54.0 percent of the Town's expenses comes from its business-type activities and 46.0 percent comes from its governmental activities. (See Table A-2)

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2005

Governmental Activities

Revenues for the Town's governmental activities totaled \$865,081. Approximately 35.9 percent of these revenues comes from taxes and 32.3 percent comes from charges for services. Expenses for the Town's governmental activities totaled \$806,344. Approximately 30.1 percent of these expenses comes from general government activities and 26.1 percent comes from streets and drainage activities.

Table A-2 Changes in Town's Net Assets		
	Governmental Activities	Business-Type Activities
Revenues		
Program revenues		
Charges for services	\$ 279,142	\$ 710,329
Operating grants and contributions	21,271	-
Capital grants and contributions	26,702	11,878
General revenues		
Taxes	310,301	-
Commissions	79,102	-
Licenses and permits	100,258	-
Fines and forfeitures	14,267	-
Other revenues	34,038	48,528
Total revenues	865,081	770,735
Expenses		
General government	242,927	-
Streets and Drainage	210,460	-
Public Safety	142,493	-
Sanitation	189,284	-
Debt Service	21,180	-
Water	-	478,950
Sewer	-	468,905
Total expenses	806,344	947,855
Increase (decrease) in net assets	58,737	(177,120)
Beginning Net Assets	833,636	2,479,486
Ending Net Assets	892,373	2,302,366

Business-type Activities

Revenues for the Town's business-type activities totaled \$770,735. Approximately 92.2 percent of these revenues comes from charges for services. Expenses for the Town's business-type activities totaled \$947,855. Approximately 50.5 percent of these expenses comes from water activities and 49.5 percent comes from sewer activities.

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2005

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed the year, its governmental funds reported a combined fund balance of \$872,227, decrease of 7.9 percent from last year.

General Fund Budgetary Highlights

The Town Council did not make amendments to the budget for fiscal year 2004-2005. However, some variances in the fund resulted from the following:

- Revenue Variances:
 - Actual tax collections exceeded the budgeted amount by \$14,636.
 - Actual commissions received exceeded the budgeted amount by \$12,102.
 - The Town received a greater amount of grant funds for the Police Department than was budgeted. The actual grant funds received exceeded the budgeted amount by \$10,233.
 - Actual fines collected for traffic violations exceeded the budgeted amount by \$9,267.
- Expense Variance:
 - The total actual expenditures were \$55,371 below the final budget amounts. The most significant positive variance (\$117,586) resulted from the actual Capital Outlay funds for Streets and Drainage being only \$14,914 of the budgeted amount, which was \$132,500. The Town did not find it necessary to use the intended budget amount for maintenance costs.

CAPITAL ASSETS

At the end of April 30, 2005, the Town had invested \$2,740,994 in a broad range of capital assets, including police equipment, buildings, vehicles, and water and sewer systems. (See Table A-3) This amount represents a net decrease (including additions and deductions) of approximately \$136,964, or 4.8 percent, over last year.

Table A-3					
Town's Capital Assets					
	Governmental Activities			Business Activities	
	2005	2004		2005	2004
Land and Improvements	\$ 49,005	\$ 39,085		\$ 49,295	\$ 49,295
Buildings and Improvements	222,451	222,451		5,936,691	5,868,399
Lutcher Park	345,635	345,635		-	-
Streets	80,983	19,947		-	-
Drainage	9,280	3,800		-	-
Equipment	239,650	210,024		-	-
Water and Sewer Facility and System	-	-		144,025	144,025
Less: Accumulated Depreciation	(514,830)	(491,597)		(3,821,191)	(3,533,106)
Total	\$ 432,174	\$ 349,345		\$ 2,308,820	\$ 2,528,613

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2005

This year's major capital asset additions included:

- Street overlay on West Lebray and King Avenue totaling \$45,251
- Dump truck totaling \$24,963
- Sewer pump repairs totaling \$10,475
- Water filter repairs totaling \$23,196
- Water pump repairs totaling \$16,460
- Water fluoride system totaling \$11,878

The Town's fiscal year 2005-2006 capital budget estimates the spending of approximately \$750,000 for capital projects, principally for the completion of Oxidation Pond Improvements, including updates and repairs to the Sewer Treatment Facility and the 10th Street pumping station. The Town plans to issue additional debt to finance the project. The debt will result from the issuance of \$850,000 in Debt Service Bonds, Series 2005.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's major sources of revenue for the general fund are comprised from sales tax, commissions, garbage fees, and occupational licenses by 33%, 10%, 31% and 14% respectively. The economy is not expected to generate any significant growth. All expenditures are expected to be consistent with the current years.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mrs. Kimberly Babin, Town Clerk, PO Box 456, Lutcher, LA 70071.

TOWN OF LUTCHER
Lutcher, Louisiana
STATEMENT OF NET ASSETS
APRIL 30, 2005

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
<u>ASSETS</u>			
Cash	\$ 297,108	\$ 198,865	\$ 495,973
Certificates of deposit	100,000	139,661	239,661
Receivables:			
Taxes	20,183	-	20,183
Accounts, net	37,673	106,369	144,042
Other receivables	1,664	435	2,099
Due from other funds	267,004	-	267,004
Prepaid insurance	2,599	15,176	17,775
Restricted assets:			
Cash	76,239	99,704	175,943
Certificates of deposit	136,709	45,580	182,289
Capital assets (net)	432,174	2,308,820	2,740,994
Bond issue costs (net)	-	2,956	2,956
Total assets	1,371,353	2,917,566	4,288,919
<u>LIABILITIES</u>			
Accounts payable	47,617	38,785	86,402
Customer service meter deposits	-	73,485	73,485
Accrued payables	18,363	22,450	40,813
Due to other funds	-	267,004	267,004
Long-term liabilities			
Due within one year	49,000	23,283	72,283
Due in more than one year	364,000	190,193	554,193
Total liabilities	478,980	615,200	1,094,180
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	430,744	2,095,344	2,526,088
Restricted for			
Debt service	277,418	27,947	305,365
Road maintenance	385,537	-	385,537
Unrestricted	(201,326)	179,075	(22,251)
Total net assets	\$ 892,373	\$ 2,302,366	\$ 3,194,739

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2005

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions:				
Governmental activities:				
General government	\$ 242,927	\$ -	\$ 20,121	\$ 5,000
Streets and drainage	210,460	71,509	-	13,740
Public safety	142,493	-	1,150	7,962
Sanitation	189,284	207,633	-	-
Debt service	21,180	-	-	-
Total governmental activities	806,344	279,142	21,271	26,702
Business-type activities:				
Sewer	468,905	366,232	-	-
Water	478,950	344,097	-	11,878
Total business-type activities	947,855	710,329	-	11,878
Total primary government	\$ 1,754,199	\$ 989,471	\$ 21,271	\$ 38,580
General revenues				
Taxes:				
Ad valorem				
Sales taxes				
Commissions				
Licenses and permits				
Fines and forfeitures				
Other revenue				
Total general revenues				
Change in net assets				
Net assets, beginning				
Net assets, ending				

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (217,806)	\$ -	\$ (217,806)
(125,211)	-	(125,211)
(133,381)	-	(133,381)
18,349	-	18,349
(21,180)	-	(21,180)
(479,229)	-	(479,229)
-	(102,673)	(102,673)
-	(122,975)	(122,975)
-	(225,648)	(225,648)
(479,229)	(225,648)	(704,877)
160,498	-	160,498
149,803	-	149,803
79,102	-	79,102
100,258	-	100,258
14,267	-	14,267
34,038	48,528	82,566
537,966	48,528	586,494
58,737	(177,120)	(118,383)
833,636	2,479,486	3,313,122
\$ 892,373	\$ 2,302,366	\$ 3,194,739

TOWN OF LUTCHER
Lutcher, Louisiana
GOVERNMENTAL FUNDS
BALANCE SHEET
APRIL 30, 2005

	General	Debt Service	Road Maintenance	Total Governmental Funds
<u>ASSETS</u>				
Cash	\$ 223,257	\$ -	\$ 73,851	\$ 297,108
Certificates of deposit	100,000	-	-	100,000
Receivables:				
Taxes	16,477	3,706	-	20,183
Interest	609	579	-	1,188
Accounts, net	20,775	-	16,898	37,673
Intergovernmental	476	-	-	476
Due from other funds	23,250	12,039	247,004	282,293
Restricted assets:				
Cash	-	76,239	-	76,239
Certificates of deposit	-	136,709	-	136,709
Total assets	<u>\$ 384,844</u>	<u>\$ 229,272</u>	<u>\$ 337,753</u>	<u>\$ 951,869</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 47,617	\$ -	\$ -	\$ 47,617
Accrued payables	9,638	2,113	4,985	16,736
Due to other funds	12,039	-	3,250	15,289
Total liabilities	<u>69,294</u>	<u>2,113</u>	<u>8,235</u>	<u>79,642</u>
<u>FUND BALANCE</u>				
Reserved for				
Debt service	-	227,159	-	227,159
Road maintenance	-	-	329,518	329,518
Unreserved, reported in				
General fund	315,550	-	-	315,550
Total fund equity	<u>315,550</u>	<u>227,159</u>	<u>329,518</u>	<u>872,227</u>
Total liabilities and fund balance	<u>\$ 384,844</u>	<u>\$ 229,272</u>	<u>\$ 337,753</u>	<u>\$ 951,869</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
APRIL 30, 2005

Total fund balances - governmental funds		\$	872,227
Cost of capital assets at April 30, 2005	947,004		
Less: accumulated depreciation as of April 30, 2005	<u>(514,830)</u>		432,174
Prepaid insurance			2,599
Elimination of interfund assets and liabilities			
Due from other funds	15,289		
Due to other funds	<u>(15,289)</u>		-
Long-term liabilities at April 30, 2005			
Bonds payable	(413,000)		
Accrued interest payable	<u>(1,627)</u>		<u>(414,627)</u>
Total net assets at April 30, 2005 - governmental activities		\$	<u>892,373</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2005

	General	Debt Service	Road Maintenance	Total Governmental Funds
<u>REVENUES</u>				
Ad valorem taxes	\$ 84,832	\$ 75,666	\$ -	\$ 160,498
Taxes	149,803	-	-	149,803
Commissions	79,102	-	-	79,102
Garbage fees	207,633	-	-	207,633
Licenses and permits	100,258	-	-	100,258
Intergovernmental revenue	52,675	-	-	52,675
Fines and forfeitures	14,267	-	-	14,267
Interest revenue	1,991	2,511	227	4,729
Other revenue	26,492	-	71,509	98,001
Total revenues	<u>717,053</u>	<u>78,177</u>	<u>71,736</u>	<u>866,966</u>
<u>EXPENDITURES</u>				
Current operating expenditures:				
General government	228,678	-	-	228,678
Streets and drainage	121,370	-	143,630	265,000
Public safety	146,154	-	-	146,154
Sanitation	230,727	-	-	230,727
Debt service expenditures:				
Principal retirement	-	50,000	-	50,000
Interest	-	21,439	-	21,439
Total expenditures	<u>726,929</u>	<u>71,439</u>	<u>143,630</u>	<u>941,998</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>(9,876)</u>	<u>6,738</u>	<u>(71,894)</u>	<u>(75,032)</u>
<u>FUND BALANCE</u>				
Beginning of year	<u>325,426</u>	<u>220,421</u>	<u>401,412</u>	<u>947,259</u>
End of year	<u>\$ 315,550</u>	<u>\$ 227,159</u>	<u>\$ 329,518</u>	<u>\$ 872,227</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2005

Total net changes in fund balance - governmental funds		\$	(75,032)
Prepaid insurance:			
Excess of insurance accrued over insurance paid			681
Capital assets:			
Capital outlay capitalized	126,137		
Basis of capital outlay disposals	(1,885)		
Depreciation expense for the year ended April 30, 2005	<u>(41,423)</u>		82,829
Long-term debt:			
Principal portion of debt service payments	50,000		
Excess of interest paid over interest accrued	<u>259</u>		<u>50,259</u>
Change in net assets - governmental activities		\$	<u><u>58,737</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
APRIL 30, 2005

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash	\$ 108,000	\$ 90,865	\$ 198,865
Certificates of deposit	109,661	30,000	139,661
Accounts receivable (net of allowance for uncollectibles)	56,330	50,039	106,369
Other current assets	5,293	10,318	15,611
Total current assets	<u>279,284</u>	<u>181,222</u>	<u>460,506</u>
<u>NONCURRENT ASSETS</u>			
<u>RESTRICTED ASSETS</u>			
Cash	69,405	30,299	99,704
Certificates of deposit	-	45,580	45,580
Total restricted assets	<u>69,405</u>	<u>75,879</u>	<u>145,284</u>
Capital assets, net	1,408,168	900,652	2,308,820
Bond issue costs (net)	2,956	-	2,956
Total noncurrent assets	<u>1,480,529</u>	<u>976,531</u>	<u>2,457,060</u>
Total assets	<u>1,759,813</u>	<u>1,157,753</u>	<u>2,917,566</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts payable	11,143	27,642	38,785
Customer meter deposits	-	73,485	73,485
Accrued payables	9,856	12,594	22,450
Due to other funds	247,004	20,000	267,004
Revenue bonds payable	23,283	-	23,283
Total current liabilities	<u>291,286</u>	<u>133,721</u>	<u>425,007</u>
<u>NONCURRENT LIABILITIES</u>			
Revenue bonds payable	190,193	-	190,193
Total noncurrent liabilities	<u>190,193</u>	<u>-</u>	<u>190,193</u>
Total liabilities	<u>481,479</u>	<u>133,721</u>	<u>615,200</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	1,194,692	900,652	2,095,344
Restricted for debt service	27,947	-	27,947
Unrestricted	55,695	123,380	179,075
Total net assets	<u>\$ 1,278,334</u>	<u>\$ 1,024,032</u>	<u>\$ 2,302,366</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
YEAR ENDED APRIL 30, 2005

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Charges for service			
Sales	\$ 283,116	\$ 333,070	\$ 616,186
Use of oxidation pond	75,520	-	75,520
Delinquent charges	7,596	11,027	18,623
Miscellaneous revenues	5,490	38,178	43,668
Total operating revenues	<u>371,722</u>	<u>382,275</u>	<u>753,997</u>
<u>OPERATING EXPENSES</u>			
Professional services	7,447	8,135	15,582
Payroll taxes	7,294	9,708	17,002
Retirement	7,527	11,180	18,707
Insurance	22,701	69,323	92,024
Office supplies and postage	856	6,095	6,951
Miscellaneous	67,041	46,807	113,848
Salaries	99,979	135,494	235,473
Oxidation pond/water plant analysis and treatment	11,663	4,864	16,527
Electricity	74,423	25,567	99,990
Materials, supplies, and repairs	8,960	20,590	29,550
Depreciation	146,898	141,187	288,085
Total operating expenses	<u>454,789</u>	<u>478,950</u>	<u>933,739</u>
<u>OPERATING LOSS</u>	<u>(83,067)</u>	<u>(96,675)</u>	<u>(179,742)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Capital grant	-	11,878	11,878
Interest revenue	2,227	2,633	4,860
Interest expense	(14,116)	-	(14,116)
Total nonoperating revenues (expenses)	<u>(11,889)</u>	<u>14,511</u>	<u>2,622</u>
<u>CHANGE IN NET ASSETS</u>	<u>(94,956)</u>	<u>(82,164)</u>	<u>(177,120)</u>
Net assets, beginning	<u>1,373,290</u>	<u>1,106,196</u>	<u>2,479,486</u>
Net assets, ending	<u>\$ 1,278,334</u>	<u>\$ 1,024,032</u>	<u>\$ 2,302,366</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2005

	Sewer Fund	Water Fund	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Operating loss	\$ (83,067)	\$ (96,675)	\$ (179,742)
Adjustments to reconcile operating loss to net cash provided by operating activities -			
Depreciation	146,898	141,187	288,085
Bad debt provision	9,515	13,408	22,923
Amortization of bond issue costs	398	-	398
Changes in assets and liabilities -			
(Increase) decrease in receivables	(9,628)	2,565	(7,063)
(Increase) decrease in prepaid expenses and other assets	(1,887)	1,188	(699)
Increase (decrease) in accounts payable and other liabilities	(3,476)	26,836	23,360
Net cash provided by operating activities	<u>58,753</u>	<u>88,509</u>	<u>147,262</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Purchases of certificates of deposit and investments	(218,606)	(144,270)	(362,876)
Maturities of certificates of deposit and investments	217,174	151,666	368,840
Interest and dividends from investments	2,227	2,633	4,860
Net cash provided by investing activities	<u>795</u>	<u>10,029</u>	<u>10,824</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Acquisition of capital assets	(10,475)	(57,817)	(68,292)
Capital grants received	-	11,878	11,878
Principal payments on long-term debt	(21,903)	-	(21,903)
Interest paid on long-term debt	(14,116)	-	(14,116)
Net cash used in capital and related financing activities	<u>(46,494)</u>	<u>(45,939)</u>	<u>(92,433)</u>
Net increase in cash and cash equivalents	13,054	52,599	65,653
Cash and cash equivalents - beginning of year	<u>164,351</u>	<u>68,565</u>	<u>232,916</u>
Cash and cash equivalents - end of year	<u>\$ 177,405</u>	<u>\$ 121,164</u>	<u>\$ 298,569</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2005

1. Summary of Significant Accounting Policies

The Town of Lutcher, Louisiana was incorporated on March 13, 1912, and operates under a Mayor - Board of Aldermen form of government. As authorized by its charter, the Town is responsible for public safety, highways and streets, sanitation, public improvements, and general administrative services.

The accounting and reporting practices of the Town of Lutcher conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Town's reporting entity applies all relevant Government Accounting Standards (GASB) pronouncements. The Town's proprietary fund applies all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB pronouncements prevail. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:517, to the guidance set forth in the *Louisiana Governmental Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

Financial Reporting Entity

Statement No. 14 of the Governmental Accounting Standards Board (GASB), *The Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the Town is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments, it is considered a primary government under the provisions of this Statement. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Additionally, the Town does not have any component units, which are defined by GASB Statement No. 14 as other legally separate organizations for which the elected officials are financially accountable. There are no other primary governments with which the Town has a significant relationship.

The following is a summary of certain significant accounting policies and practices:

Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of net assets and the statement of activities display information about the Town of Lutcher. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between *the governmental and business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2005

1. Summary of Significant Accounting Policies (continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category—*governmental and proprietary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The Town reports the following major governmental funds:

- a. General Fund – This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- b. Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal, interest and related costs on general long-term debt.
- c. Road Maintenance Fund – This fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for road maintenance.

The Town reports the following major enterprise funds:

- a. Water Fund – This fund is used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2005

1. Summary of Significant Accounting Policies (continued)

- b. Sewer Fund – This fund is used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Parish gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities of the Town follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2005

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. A proposed budget is prepared and submitted to the Mayor and Board of Aldermen prior to the beginning of each fiscal year.
2. The proposed budget is published in the official journal and made available for public inspection. A public hearing is held to obtain taxpayer comments.
3. The budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
4. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts originally estimated require the approval of the Board of Aldermen.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the general, debt service, special revenue, and proprietary funds are adopted on bases consistent with accounting principles generally accepted in the United States of America (GAAP).
7. Louisiana R.S. 39:1310 requires budgets to be amended when revenue collections plus projected revenue collections for the remainder of a year, within a fund, are failing to meet estimated annual budgeted revenues by five percent or more or expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by five percent or more.

The level of budgetary control is total appropriations. Budgeted amounts for the year ended April 30, 2005, are as originally adopted, with no subsequent amendments.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2005

1. Summary of Significant Accounting Policies (continued)

Cash and Investments

Cash and investments, which include demand deposit accounts, interest-bearing demand deposit accounts, certificates of deposit, and federal obligations are stated at market value.

The Town considers all cash accounts and certificates of deposit with a maturity of three months or less when purchased to be cash and cash equivalents.

Under Louisiana Revised Statutes 39:1271 and 33:2955, the Town may deposit funds in obligations of the U.S. Treasury and U.S. agencies, demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Town has elected not to report major general infrastructure assets retroactively. The Town began reporting infrastructure assets beginning May 1, 2005

Capital Assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	7-40
Land Improvements	20
Lutcher Park	20-40
Streets	20
Drainage	20-25
Equipment	5-20

The proprietary fund type operations are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2005

1. **Summary of Significant Accounting Policies** (continued)

Depreciation of all exhaustible fixed assets used by the proprietary funds is charged as an expense against their operations. Depreciation has been provided over the assets' estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Sewerage system	40 years
Waterworks system	40 years
Office equipment	5-10 years
Automotive equipment	3-5 years

All fixed assets are stated at historical cost.

Accounts Receivable

Uncollectible amounts due from customers for utility services are recognized through the establishment of an allowance for uncollectible accounts account at the time information becomes available which indicates the uncollectibility of the particular receivable.

Accumulated Unpaid Vacation

Employees earn vacation leave at various rates depending upon the length of their employment. Amounts of vested or accumulated vacation leave are expected to be liquidated with expendable available financial resources of the general fund and are reported as an expenditure and liability of the fund as the benefits accrue to employees. Vested or accumulated vacation leave of business-type funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

Interfund Balances / Transfers

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the transfers are accounted for through the various due from and due to accounts.

Statements of Cash Flows

For purposes of the statements of cash flows, the Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

Encumbrances

Encumbrance accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2005

1. Summary of Significant Accounting Policies (continued)

Reclassifications

Certain 2004 balances have been reclassified to conform with the 2005 financial statement presentation.

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. The Town carries commercial insurance for all risks of loss.

2. Capital Assets

Capital assets and depreciation activity as of and for the year ended April 30, 2005, are as follows:

Governmental activities:

	Land and Improvements	Buildings and Improvements	Lutcher Park	Streets	Drainage	Equipment	Total
Cost at April 30, 2004 (as reported in the general fixed asset account group)	\$ 4,085	\$ 258,954	\$354,594	\$ -	\$ -	\$ 231,771	\$849,404
Correction of prior year cost	35,000	(36,503)	(8,959)	19,947	3,800	(21,747)	(462)
Total Cost at April 30, 2004	39,085	222,451	345,635	19,947	3,800	210,024	840,942
Additions	9,920	-	-	61,036	5,480	49,701	126,137
Deletions	-	-	-	-	-	(20,075)	(20,075)
Cost of Capital Assets April 30, 2005	49,005	222,451	345,635	80,983	9,280	\$ 239,650	\$947,004
Accumulated depreciation April 30, 2004	-	134,393	238,567	-	-	118,637	491,597
Additions	124	5,738	4,937	3,065	243	27,316	41,423
Deletions	-	-	-	-	-	(18,190)	(18,190)
Accumulated depreciation April 30, 2005	124	140,131	243,504	3,065	243	127,763	514,830
Capital Assets, net of accumulated depreciation at April 30, 2005	\$ 48,881	\$ 82,320	\$102,131	\$ 77,918	\$ 9,037	\$ 111,887	\$ 432,174

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2005

2. Capital Assets (continued)

Depreciation expense of \$41,423 for the year ended April 30, 2005 was charged to the following governmental functions:

General Government	\$ 12,979
Streets and Drainage	18,760
Public Safety	9,684
	<u>\$ 41,423</u>

Business-type activities:

	Land and Improvements	Water and Sewer Facility and System	Equipment	Total
Total Cost of Capital Assets April 30, 2004	\$ 49,295	\$ 5,868,399	\$ 144,025	\$ 6,061,719
Additions	-	68,292	-	68,292
Deletions	-	-	-	-
Cost of Capital Assets April 30, 2005	<u>49,295</u>	<u>5,936,691</u>	<u>144,025</u>	<u>6,130,011</u>
Accumulated depreciation April 30, 2004	15,000	3,416,188	101,918	3,533,106
Additions	-	278,149	9,936	288,085
Deletions	-	-	-	-
Accumulated depreciation April 30, 2005	<u>15,000</u>	<u>3,694,337</u>	<u>111,854</u>	<u>3,821,191</u>
Capital Assets, net of accumulated depreciation at April 30, 2005	<u>\$ 34,295</u>	<u>\$ 2,242,354</u>	<u>\$ 32,171</u>	<u>\$ 2,308,820</u>

In accordance with Financial Accounting Standards Board Statement No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants*, the Town capitalizes interest in connection with construction-in-progress for Proprietary Fund types. No interest was capitalized during the year ended April 30, 2005.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2005

3. Changes in Long-Term Debt

The following is a summary of long-term debt transactions which occurred during the year ended April 30, 2005:

	<u>Balance</u> <u>4/30/04</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>4/30/05</u>
Governmental activities:				
General Obligation Refunding Bonds, Series 1998	\$ 463,000	-	(\$ 50,000)	\$ 413,000
	<u>463,000</u>	<u>-</u>	<u>(\$ 50,000)</u>	<u>413,000</u>
Business-type activities:				
Sewer Revenue Bonds	235,379	-	(21,903)	213,476
	<u>\$ 235,379</u>	<u>\$ -</u>	<u>(\$ 21,903)</u>	<u>\$ 213,476</u>

Bonds payable at April 30, 2005 were comprised of the following individual issues:

Governmental activities:
Debt Service Fund

\$573,000 of General Obligation Refunding Bonds,
Series 1998; due in various semi-annual installments,
including interest at 4.89%, through October 12, 2012. \$ 413,000

Business-type activities:
Sewer Fund

\$400,000 of Sewer Revenue Bonds; due in monthly
installments of \$2,976, including interest at 6.125%,
through October 5, 2012. \$ 213,476

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2005

3. **Changes in Long-Term Debt** (continued)

The annual requirements to amortize all debt outstanding as of April 30, 2005, including interest payments of \$128,212, are as follows:

<u>Year ending</u> <u>April 30,</u>	<u>Amount</u>
2006	\$ 103,710
2007	110,094
2008	106,282
2009	103,494
2010	109,487
2011 - 2012	221,621
	<u>\$ 754,688</u>

As part of the various Bond agreements the Town has agreed to comply with certain covenants. The covenants consist, primarily, of reporting and audit requirements, maintenance of various deposit accounts and funds, and other administrative requirements.

4. **Ad Valorem Taxes**

Ad valorem taxes attach as enforceable liens on all applicable property on February 28th of each year. Taxes are levied and are billed to the taxpayers in November of each year. Billed ad valorem taxes become delinquent on January 1st of the following calendar year.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. James Parish. During the year ended April 30, 2005 taxes of 7 mills were levied on property with assessed valuations totaling \$11,540,235 for general purposes. Additional taxes of 6.6 mills were levied on the same property for the purpose of accumulating enough funds to service the annual debt requirements as they become due.

Ad valorem taxes levied during the year ended April 30, 2005 totaled approximately \$156,948.

5. **Individual Funds with Deficits**

Expenses / expenditures exceeded revenues during the fiscal year ended April 30, 2005 for the following funds:

General Fund	\$ 9,876
Road Maintenance Fund	71,894
Water Fund	82,164
Sewer Fund	94,956

The deficits were covered by the fund balances carried forward from previous years.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2005

6. Defined Benefit Pension Plan

Substantially all employees of the Town of Lutcher are members of either the Municipal Employees' Retirement System of Louisiana or the Municipal Police Employees' Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

a. Municipal Employees' Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, which has separate assets and benefit provisions. All employees of the Town of Lutcher are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after the age of 60 with at least 10 years of creditable service or at or after the age of 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary, and the Town of Lutcher is required to contribute at an actuarially determined rate. The rate currently being paid by the Town is 9.5 percent of annual covered payroll. Contributions to the System also include 0.25 percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Lutcher are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Lutcher's contributions to the System under Plan B during the year ending April 30, 2005, 2004, and 2003 were \$29,987, \$21,855, and \$16,816, respectively. These amounts were equal to the required contributions for each year.

TOWN OF LUTCHER

Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS

April 30, 2005

7. Segments of Enterprise Activities

Water and sewerage services are provided by the Town and are financed by user charges. The significant financial data for the year ended April 30, 2005 for these services are as follows:

	Sewer Fund	Water Fund	Total
Operating revenues	\$ 371,722	\$ 382,275	\$ 753,997
Depreciation	\$ 146,898	\$ 141,187	\$ 288,085
Loss from operations	(\$ 83,067)	(\$ 96,675)	(\$ 179,742)
Net Loss	(\$ 94,956)	(\$ 82,164)	(\$ 177,120)
Acquisitions of capital assets	\$ 10,475	\$ 57,817	\$ 68,292
Net working capital (deficit)	(\$ 12,002)	\$ 47,501	\$ 35,499
Total assets	\$ 1,759,813	\$ 1,157,753	\$ 2,917,566
Outstanding revenue bonds	\$ 213,476	\$ -	\$ 213,476
Total equity	\$ 1,278,334	\$ 1,024,032	\$ 2,302,366

8. Restricted Assets

Under the terms of the bond indentures for the general obligation bonds and the sewer revenue bonds, certain revenues are dedicated to the retirement of said bonds, and are to be set aside into special accounts after provisions have been made for the payment of the reasonable and necessary expenses of operating and maintaining the utility systems.

As of April 30, 2005, the Town was in compliance with all related debt covenants.

9. Due From/To Other Funds

Individual balances due from/to other funds are as follows

Fund	Due from Other Funds	Due to Other Funds
Governmental activities:		
General Fund	\$ 23,250	\$ 12,039
Debt Service Fund	12,039	-
Road Maintenance Fund	247,004	3,250
	<u>282,293</u>	<u>15,289</u>
Business-type activities:		
Sewer Fund	-	247,004
Water Fund	-	20,000
	<u>-</u>	<u>267,004</u>
Total	<u>\$ 282,293</u>	<u>\$ 282,293</u>

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2005

10. Cash and Investments

At April 30, 2005, the carrying amounts of the Town's deposits were as follows:

Petty cash	\$ 150
Demand deposit accounts / savings accounts	495,823
Total	495,973
Certificates of deposit	239,661
Total deposits	\$ 735,634

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by either federal deposit insurance or by the pledge of securities owned by a fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

11. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At April 30, 2005, the Town had \$1,091,968 in deposits (collected bank balances). Of these bank balances, \$365,000 was covered by federal depository insurance, \$14,688 was covered by securities investor protection corporation insurance, and \$712,280 was collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name (GASB Category 2). As of April 30, 2005, the government's bank balance was not exposed to custodial credit risk.

12. Reserved Fund Equity

Fund equity is reserved as follows:

	Debt Service Fund	Sewer Fund	Road Maintenance Fund	Total
Reserved for Bond Retirement	\$ 227,159	\$ 27,947	\$ -	\$ 255,106
Reserved for Road Maintenance	-	-	329,518	329,518
	<u>\$ 227,159</u>	<u>\$ 27,947</u>	<u>\$ 329,518</u>	<u>\$ 584,624</u>

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2005

13. Commitments

Leases that do not meet criteria for capitalization are classified as operating leases with related rentals charged to operations as incurred.

The following is a schedule by year of future minimum lease payments under these arrangements as of April 30, 2005, that have initial or remaining terms in excess of one year.

<u>Year Ending April 30,</u>	<u>Minimum Payments</u>
2006	\$ 198,746
2007	82,876
2008	<u>1,980</u>
	<u>\$ 283,602</u>

14. Litigation and Claims

The Town of Lutcher is defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the resolution of these matters is not expected to have a material adverse effect on the financial condition of the Town.

15. Changes in Accounting Principles

For the year ended April 30, 2005, the Town has implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB Statement 34 creates new basic financial statements for reporting on the Town's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which had been the method of presentation in previously issued financial statements. Non-major funds are presented in total in one column in the fund financial statements.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2005

15. Changes in Accounting Principles (continued)

The implementation of GASB Statement No. 34 caused the opening fund balance at April 30, 2004 to be restated in terms of Net Assets as follows:

Governmental Funds' Fund Balance, April 30, 2004		\$ 947,259
Add: Prepaid Insurance	1,918	
Capital Assets as of April 30, 2004:		
Cost	840,942	
Accumulated Depreciation	(491,597)	
		351,263
Subtract: Bonds payable	(463,000)	
Accrued Interest	(1,886)	
		(464,886)
Net Assets at April 30, 2004		\$ 833,636

16. Oxidation Pond Violations

The Town of Lutcher operates a publicly owned treatment works consisting of a four-cell oxidation pond. The Town of Lutcher was issued a Louisiana Pollutant Discharge Elimination System permit which was effective February 1, 2001, and which will expire January 31, 2006. During the fiscal year ended April 30, 2003 the Town of Lutcher received a Consolidated Compliance Order and Notice of Potential Penalty regarding permit excursions for various dates beginning in February 2001. DEQ may assess civil penalties of not more than \$27,500 for each day of violation for the dates mentioned above. Failure or refusal to comply with the above mentioned Compliance Order could result in the assessment of a civil penalty in an amount of not more than \$50,000 for each day of continued violation or noncompliance. The Town of Lutcher is in negotiations with DEQ regarding these potential penalties. As of April 30, 2005 the Town has met the requirements of the Compliance Order. There has been no further communication related to the potential civil penalties. During the fiscal year ended April 30, 2005, the Town has been successful in keeping the pond in compliance with the permit restrictions through the use of chemical treatments. Additionally, the Town of Lutcher has submitted an application to DEQ for a loan in the amount of \$720,000 to fund part of the implementation of permanent improvements to the pond to keep the Town in compliance with the permit. During the year ended April 30, 2005, the loan application was approved by the DEQ. Neither the amount of the potential penalties nor the estimated total cost to bring the levels of the pond into compliance with the permit could be reasonably estimated at this time.

17. Subsequent Event

Subsequent to year end, the police department has been dissolved. The town has not yet determined if the termination of the police department is permanent.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED APRIL 30, 2005

	<u>Budget</u>	<u>Actual</u>
<u>REVENUES</u>		
Taxes	\$ 220,000	\$ 234,635
Commissions	67,000	79,102
Garbage fees	210,000	207,633
Licenses	100,000	100,258
Intergovernmental revenues:		
Beer	2,500	795
Video poker	10,000	3,907
Grants	8,000	18,233
Rural development grant	25,000	29,740
Fines	5,000	14,267
Interest revenue	2,000	1,991
Other revenue	17,500	26,492
Total revenues	<u>667,000</u>	<u>717,053</u>
<u>EXPENDITURES</u>		
Current operating expenditures:		
General government	220,300	228,678
Streets and drainage	250,100	121,370
Public safety	109,200	146,154
Sanitation	202,700	230,727
Total expenditures	<u>782,300</u>	<u>726,929</u>
<u>EXCESS (DEFICIENCY) OF</u>		
<u>REVENUES OVER EXPENDITURES</u>	(115,300)	(9,876)
<u>FUND BALANCE</u>		
Beginning of year	<u>320,000</u>	<u>325,426</u>
End of year	<u>\$ 204,700</u>	<u>\$ 315,550</u>

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED APRIL 30, 2005

	<u>Budget</u>	<u>Actual</u>
<u>GENERAL GOVERNMENT</u>		
Salaries	\$ 79,400	\$ 88,996
Planning and zoning	3,400	-
Professional fees	24,200	21,385
Electricity	6,500	6,561
Insurance	25,300	18,204
Supplies and maintenance	14,000	14,367
Miscellaneous	12,000	11,531
Retirement	7,000	5,631
Office expenses	25,500	24,439
Payroll taxes	8,000	6,241
Per diem	-	4,364
Capital outlay	-	16,455
Dues and subscriptions	1,000	1,409
Education and conventions	5,000	626
Computer	3,000	785
Telephone	6,000	7,684
Total general government	<u>220,300</u>	<u>228,678</u>
<u>STREETS AND DRAINAGE</u>		
Salaries	18,500	21,674
Miscellaneous	15,000	1,930
Gasoline, oil, and diesel	2,000	2,052
Street drainage and ditching	20,000	9,361
Street signs	1,500	1,144
Truck and tractor expense	3,000	1,341
Supplies and maintenance	15,000	13,733
Electricity	40,000	48,240
Capital Outlay	132,500	14,914
Insurance	-	3,245
Retirement	-	1,393
Uniforms	2,600	2,343
Total streets and drainage	<u>250,100</u>	<u>121,370</u>

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED APRIL 30, 2005

	<u>Budget</u>	<u>Actual</u>
<u>PUBLIC SAFETY</u>		
Salaries	\$ 52,000	\$ 80,138
Gasoline and oil	3,000	10,688
Uniforms	800	279
Telephone	2,000	2,965
Insurance	33,900	16,922
Vehicle expenses	3,000	6,987
Supplies and maintenance	2,000	2,660
Payroll taxes	4,000	5,913
Miscellaneous	2,000	6,257
Capital outlay	6,500	13,345
Total public safety	<u>109,200</u>	<u>146,154</u>
<u>SANITATION</u>		
Solid waste disposal	<u>202,700</u>	<u>230,727</u>
Total sanitation	<u>202,700</u>	<u>230,727</u>
 Total all departments	 <u>\$ 782,300</u>	 <u>\$ 726,929</u>

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
YEAR ENDED APRIL 30, 2005

	<u>Budget</u>	<u>Actual</u>
<u>REVENUES</u>		
Ad valorem taxes	\$ 80,000	\$ 75,666
Interest revenue	500	2,511
Total revenues	<u>80,500</u>	<u>78,177</u>
<u>EXPENDITURES</u>		
Principal retirement	50,000	50,000
Interest	22,418	21,439
Total expenditures	<u>72,418</u>	<u>71,439</u>
<u>EXCESS OF REVENUES OVER</u>		
<u>EXPENDITURES</u>	8,082	6,738
<u>FUND BALANCE</u>		
Beginning of year	<u>215,000</u>	<u>220,421</u>
End of year	<u>\$ 223,082</u>	<u>\$ 227,159</u>

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
ROAD MAINTENANCE FUND
YEAR ENDED APRIL 30, 2005

	<u>Budget</u>	<u>Actual</u>
<u>REVENUES</u>		
Road user tax	\$ 92,400	\$ 71,509
Interest revenue	300	227
Total revenues	<u>92,700</u>	<u>71,736</u>
 <u>EXPENDITURES</u>		
Materials and supplies	1,500	221
Miscellaneous	4,000	5,564
Road improvements	90,000	198
Salaries	26,000	49,520
Professional fees	5,000	7,084
Insurance	11,700	2,871
Retirement	2,400	4,256
Payroll tax	2,000	3,683
Capital outlay	50,000	70,233
Total expenditures	<u>192,600</u>	<u>143,630</u>
 <u>EXCESS OF REVENUES OVER</u>		
<u>EXPENDITURES</u>	<u>(99,900)</u>	<u>(71,894)</u>
 <u>FUND BALANCE</u>		
Beginning of year	<u>149,000</u>	<u>401,412</u>
End of year	<u>\$ 49,100</u>	<u>\$ 329,518</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF LUTCHER
Lutcher, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED APRIL 30, 2005

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the Town of Lutcher, Louisiana as of and for the year ended April 30, 2005.
2. One reportable condition relating to the audit of the financial statements is reported in Part B of this Schedule. This condition is considered a material weakness.
3. Two instances of noncompliance relative to the financial statements of the Town of Lutcher, Louisiana, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit. These items are reported in Part B of this Schedule.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

REPORTABLE CONDITIONS

05-1 Segregation of Duties

Condition: There is a lack of segregation of duties due to the limited number of accounting personnel.

Criteria: Segregation of duties should be adequate to provide effective internal control.

Effect: The segregation of duties is inadequate to provide effective internal control.

Recommendation: No action recommended.

Management's Response: We concur with the finding.

TOWN OF LUTCHER
Lutcher, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED APRIL 30, 2005

COMPLIANCE WITH STATE LAWS AND REGULATIONS

05-2 Louisiana Public Bid Law

Criteria: Louisiana Revised Statute 38:2212.1A(b) states that purchases of \$10,000 or more, but less than \$20,000, shall be made by obtaining not less than 3 telephone or facsimile quotations. Louisiana Revised Statute 38:2212D(1)(a) states that in cases of public emergency, the public entity should certify the emergency and notice of such public emergency shall, within ten days thereof, be published in the official journal of the public entity proposing or declaring such public emergency.

Condition: The Town did not obtain 3 quotes for two purchases that were in excess of state bid law requirements. The town also declared an emergency; however, this was not published within 10 days of declaring the emergency.

Effect: Louisiana Revised Statutes 38:2212.1A(b) and 38:2212D(1)(a) have been violated.

Recommendation: All purchases of \$10,000 or more, but less than \$20,000, shall be made by obtaining not less than 3 telephone or facsimile quotations. Also, when the public entity certifies an emergency, notice of such public emergency shall, within ten days thereof, be published in the official journal of the public entity proposing or declaring such public emergency.

Management's Response: We concur with the recommendation. All purchases of \$10,000 or more, but less than \$20,000, will be made by obtaining not less than 3 telephone or facsimile quotations. Also, after the certification of an emergency, notice of such public emergency will, within ten days thereof, be published in the official journal.

05-3 Louisiana Budget Law

Criteria Louisiana Revised Statute 39:1311A(1) requires that the budget shall be amended when total revenue and other sources plus projected revenue and other sources for the remainder of a year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.

Condition: The Road Maintenance Fund revenues failed to meet total budgeted revenues by 22.6%.

Effect: The negative variance of revenues of more than five percent is a violation of Louisiana Revised Statute 39:1311A(1).

Recommendation: The governing authority shall advise the governing authority in writing when total revenue and other sources plus projected revenue and other sources for the remainder of a year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.

Management's Response: We concur with the recommendation. Proper written notice will be given to the governing authority, along with budget amendment, will be made when total revenue and other sources plus projected revenue and other sources for the remainder of a year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.

TOWN OF LUTCHER
Lutcher, Louisiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

YEAR ENDED APRIL 30, 2005

REPORTABLE CONDITIONS

04-1 Segregation of Duties

Condition: The Town did not have adequate segregation of duties due to the limited number of accounting personnel.

Current Status: Similar findings were noted in the April 30, 2005 audit.

COMPLIANCE WITH STATE LAWS AND REGULATIONS

04-2 Personal Use of Public Assets

Condition: Personal use of public assets was evidenced by the observance of one of the Town's assets.

Current Status: No personal use of public assets was noted in the April 30, 2005 audit.



*Mayor
Troas A. Poche'*

*Aldermen
Kendricks Brass
Rebecca M. Foret
Floyd A. Marshall
Rowdy Scott
Patrick P. St.Pierre*

Town of Lutchet

*St. James Parish
P. O. Box 456
Lutchet, Louisiana 70071
Telephone: (225) 869-5823
Fax: (225) 869-9628*



*Town Clerk
Kimberly W. Babin*

*Town Attorney
Michael K. Heltz*

*Chief of Police
Corey Pittman*

CORRECTIVE ACTION PLAN

October 21, 2005

Louisiana Legislative Auditor

The Town of Lutchet respectfully submits the following corrective action plan for the year ended April 30, 2005.

Name and address of independent public accounting firm:

Postlethwaite & Netterville, APAC
P. O. Box 1190
Donaldsonville, LA 70346

Audit Period: May 1, 2004 – April 30, 2005

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

FINDINGS – SCHEDULE OF FINDINGS AND QUESTIONED COSTS

05-2 LOUISIANA PUBLIC BID LAW

Recommendation: All purchases of \$10,000 or more, but less than \$20,000, shall be made by obtaining not less than 3 telephone or facsimile quotations. Also, when the public entity certifies an emergency, notice of such public emergency shall, within ten days thereof, be published in the official journal of the public entity proposing or declaring such public emergency.

Action Taken: All purchases of \$10,000 or more, but less than \$20,000, will be made by obtaining not less than 3 telephone or facsimile quotations. Also, after the certification of an emergency, notice of such public emergency will, within ten days thereof, be published in the official journal.

Recommendation: The governing authority shall advise the governing authority in writing when total revenue and other sources plus projected revenue and other sources for the remainder of a year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.

Action Taken: Proper written notice will be given to the governing authority, along with budget amendment, will be made when total revenue and other sources plus projected revenue and other sources for the remainder of a year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.

The findings from the September 7, 2005 management letter are discussed below. The findings are numbered consistently with the numbers assigned in the management letter.

FINDINGS - MANAGEMENT LETTER

ML 05-1 OXIDATION POND CUSTOMERS

Recommendation: When possible an employee of the Town should monitor the gallons being disposed and ensure that the driver has signed the log. Additionally, the logs should be reviewed to determine that consistent gallons are being reported by each company/truck.

Action Taken: The Town has an employee stationed at the oxidation pond during normal operating hours to monitor disposals. During non-operating hours the Town will have the water treatment plant operator randomly monitor disposals at the oxidation pond. The Town's administrative personnel will review the disposal log for irregular disposal activity.

ML 05-2 MONITORING OF EXPENSES

Recommendation: The Town should obtain access codes for each employee to control long distance calls and mitigate personal calls. The reports from the phone company that show the calls made for each access code should be reviewed monthly by administrative personnel. The Town is currently using Fuelman for the purchase of fuel. However, no one is reviewing these reports to determine how much fuel is being used by the respective employees nor are the employees required to report their mileage before the fuel is purchased.

Action Taken: The Town will obtain access codes for each employee to control long distance calls and mitigate personal calls. The reports from the phone company that show the calls made for each access code will be reviewed monthly by administrative personnel. Administrative personnel will also review the Fuelman reports to determine how much fuel is being used by the respective employees. Employees will be required to report their mileage before the fuel is purchased. The employees will be notified by the Mayor, written and verbal, that the mileage must be reported to verify that the purchase is Town related. Employees will suffer certain consequences if the proper procedure is not followed.

If the Louisiana Legislative Auditor has questions regarding this plan, please call Kimberly Babin at (225) 869-5823.

Sincerely,



Kimberly Babin
Town Clerk

PERFORMANCE AND STATISTICAL DATA

TOWN OF LUTCHER
Lutcher, Louisiana

INSURANCE-IN-FORCE

April 30, 2005

<u>Type of Coverage</u>	<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Coverage Limits</u>
Automobile Liability	Risk Management, Inc.	April 30, 2006	\$500,000
General Liability	Risk Management, Inc.	April 30, 2006	\$500,000
Law Enforcement Liability	Risk Management, Inc.	April 30, 2006	\$500,000
Public Officials Liability	Risk Management, Inc.	April 30, 2006	\$500,000
Boiler & Machinery Eqpt.	Hartford Steamboiler	May 1, 2006	\$625,000
Public Officials Bond	Employer's Mutual	March 16, 2006	\$10,000
Commercial Property	Hanover Insurance	February 16, 2006	\$1,625,679
FHA Bond	Employer's Mutual	January 27, 2006	\$70,000
Tractor Equipment	Hanover Insurance	March 2, 2006	Various limits totaling \$64,259
Electronic equipment	Hanover Insurance	March 2, 2006	Various limits totaling \$23,390
Public Employee Bond	Employer's Mutual	March 23, 2006	\$10,000
Water Intake Structure	Lloyds of London	April 10, 2006	\$415,000
Vehicle Physical Damage	Essex / Audubon	May 1, 2006	\$128,105

TOWN OF LUTCHER
Lutcher, Louisiana

PUBLIC UTILITY SYSTEM OPERATIONS
APRIL 30, 2005
(Without Audit)

Statistics on System Operations

- (a) As of April 30, 2005 the number of metered customers was 1,391 and 1,301 for the water and sewer systems, respectively. There were no unmetered customers for either the water or sewer systems at April 30, 2005.
- (b) The following rate schedules were in effect during the fiscal year ended April 30, 2005 for water and sewer services:

(1) Water

The water rates to all water suppliers and to all water customers as users of the Town water system are as follows:

Residential Customers

0 – 2,500 gallons	\$8.00 (base rate)
Over 2,500 gallons	\$2.50 per 1,000 gallons or fraction thereof

Small Commercial Customers

0 – 10,000 gallons	\$25.00 (base rate)
Over 10,000 gallons	\$3.00 per 1,000 gallons or fraction thereof

Medium Commercial Customers

0 – 20,000 gallons	\$40.00 (base rate)
Over 20,000 gallons	\$2.25 per 1,000 gallons or fraction thereof

Large Commercial Customers

0 – 50,000 gallons	\$55.00 (base rate)
Over 50,000 gallons	\$2.00 per 1,000 gallons or fraction thereof

TOWN OF LUTCHER
Lutcher, Louisiana

PUBLIC UTILITY SYSTEM OPERATIONS

APRIL 30, 2005

(Without Audit)

Statistics on System Operations (continued)

(2) Sewer

The rates and charges for all customers and users of the sewerage treatment and disposal system of the Town are hereby established as follows:

Residential Customers	\$15.00 (flat rate)
Small Commercial Customers	\$40.00 (flat rate)
Medium Commercial Customers	\$90.00 (flat rate)
Large Commercial Customers	\$180.00 (flat rate)

(c) Average monthly billing per customer during the year ended April 30, 2005:

1. Water	\$ <u>19.95</u>
2. Sewer	\$ <u>18.13</u>

(d) The number of accounts greater than 30 days old as of April 30, 2005:

1. Water	319 accounts
2. Sewer	253 accounts

TOWN OF LUTCHER
Lutcher, Louisiana
WATER FUND
STATEMENTS OF NET ASSETS
APRIL 30, 2005 AND 2004

	<u>4/30/05</u>	<u>4/30/04</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 90,865	\$ 48,798
Certificates of deposit	30,000	30,000
Accounts receivable (net of allowance for uncollectibles)	50,039	66,012
Other current assets	10,318	11,506
Total current assets	<u>181,222</u>	<u>156,316</u>
<u>NONCURRENT ASSETS</u>		
<u>RESTRICTED ASSETS</u>		
Cash	30,299	19,767
Certificates of deposit	45,580	52,976
Total restricted assets	<u>75,879</u>	<u>72,743</u>
Capital assets, net	900,652	984,022
Total noncurrent assets	<u>976,531</u>	<u>1,056,765</u>
Total assets	<u>1,157,753</u>	<u>1,213,081</u>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	27,642	2,737
Customer meter deposits	73,485	69,955
Accrued payables	12,594	14,193
Due to other funds	20,000	20,000
Total current liabilities	<u>133,721</u>	<u>106,885</u>
Total liabilities	<u>133,721</u>	<u>106,885</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	900,652	984,022
Unrestricted	123,380	122,174
Total net assets	<u>\$ 1,024,032</u>	<u>\$ 1,106,196</u>

TOWN OF LUTCHER
Lutcher, Louisiana
SEWER FUND
STATEMENTS OF NET ASSETS
APRIL 30, 2005 AND 2004

	<u>4/30/05</u>	<u>4/30/04</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 108,000	\$ 93,776
Certificates of deposit	109,661	108,229
Accounts receivable (net of allowance for uncollectibles)	56,330	56,217
Other current assets	5,293	3,406
Total current assets	<u>279,284</u>	<u>261,628</u>
<u>NONCURRENT ASSETS</u>		
<u>RESTRICTED ASSETS</u>		
Cash	69,405	70,575
Total restricted assets	69,405	70,575
Capital assets, net	1,408,168	1,544,591
Bond issue costs (net)	2,956	3,354
Total noncurrent assets	<u>1,480,529</u>	<u>1,618,520</u>
Total assets	<u>1,759,813</u>	<u>1,880,148</u>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	11,143	16,108
Accrued payables	9,856	8,367
Due to other funds	247,004	247,004
Revenue bonds payable	23,283	21,903
Total current liabilities	<u>291,286</u>	<u>293,382</u>
<u>NONCURRENT LIABILITIES</u>		
Revenue bonds payable	190,193	213,476
Total noncurrent liabilities	<u>190,193</u>	<u>213,476</u>
Total liabilities	<u>481,479</u>	<u>506,858</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	1,194,692	1,309,212
Restricted for debt service	27,947	26,034
Unrestricted	55,695	38,044
Total net assets	<u>\$ 1,278,334</u>	<u>\$ 1,373,290</u>

TOWN OF LUTCHER
Lutcher, Louisiana
WATER FUND
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
YEARS ENDED APRIL 30, 2005 AND 2004

	<u>4/30/05</u>	<u>4/30/04</u>
<u>OPERATING REVENUES</u>		
Charges for service		
Sales	\$ 333,070	\$ 346,645
Delinquent charges	11,027	10,817
Miscellaneous revenues	38,178	40,391
Total operating revenues	<u>382,275</u>	<u>397,853</u>
<u>OPERATING EXPENSES</u>		
Professional services	8,135	13,411
Payroll taxes	9,708	11,545
Retirement	11,180	9,473
Insurance	69,323	91,425
Office supplies and postage	6,095	4,753
Miscellaneous	46,807	32,695
Salaries	135,494	159,861
Oxidation pond/water plant analysis and treatment	4,864	2,544
Electricity	25,567	26,062
Materials, supplies, and repairs	20,590	19,399
Depreciation	141,187	142,047
Total operating expenses	<u>478,950</u>	<u>513,215</u>
<u>OPERATING LOSS</u>	<u>(96,675)</u>	<u>(115,362)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Capital grant	11,878	-
Interest revenue	2,633	2,358
Total nonoperating revenues (expenses)	<u>14,511</u>	<u>2,358</u>
<u>CHANGE IN NET ASSETS</u>	(82,164)	(113,004)
Net assets, beginning	<u>1,106,196</u>	<u>1,219,200</u>
Net assets, ending	<u>\$ 1,024,032</u>	<u>\$ 1,106,196</u>

TOWN OF LUTCHER**Lutcher, Louisiana****SEWER FUND****STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS****YEARS ENDED APRIL 30, 2005 AND 2004**

	<u>4/30/05</u>	<u>4/30/04</u>
<u>OPERATING REVENUES</u>		
Charges for service		
Sales	\$ 283,116	\$ 289,086
Use of oxidation pond	75,520	56,697
Delinquent charges	7,596	7,577
Miscellaneous revenues	5,490	4,471
Total operating revenues	<u>371,722</u>	<u>357,831</u>
<u>OPERATING EXPENSES</u>		
Professional services	7,447	15,726
Payroll taxes	7,294	6,820
Retirement	7,527	5,193
Insurance	22,701	20,833
Office supplies and postage	856	976
Miscellaneous	67,041	92,954
Salaries	99,979	93,863
Oxidation pond/water plant analysis and treatment	11,663	10,775
Electricity	74,423	69,153
Materials, supplies, and repairs	8,960	22,086
Depreciation	146,898	146,110
Total operating expenses	<u>454,789</u>	<u>484,489</u>
<u>OPERATING LOSS</u>	<u>(83,067)</u>	<u>(126,658)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest revenue	2,227	1,602
Interest expense	(14,116)	(15,261)
Total nonoperating revenues (expenses)	<u>(11,889)</u>	<u>(13,659)</u>
<u>CHANGE IN NET ASSETS</u>	<u>(94,956)</u>	<u>(140,317)</u>
Net assets, beginning	<u>1,373,290</u>	<u>1,513,607</u>
Net assets, ending	<u>\$ 1,278,334</u>	<u>\$ 1,373,290</u>

TOWN OF LUTCHER
Lutcher, Louisiana
WATER FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED APRIL 30, 2005 AND 2004

	<u>4/30/05</u>	<u>4/30/04</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Operating loss	\$ (96,675)	\$ (115,362)
Adjustments to reconcile operating loss to net cash provided by operating activities -		
Depreciation	141,187	142,047
Bad debt provision	13,408	2,219
Loss on disposition of assets	-	9,594
Changes in assets and liabilities -		
(Increase) decrease in receivables	2,565	(3,098)
(Increase) decrease in prepaid expenses and other assets	1,188	(78)
Increase (decrease) in accounts payable and other liabilities	26,836	(3,156)
Net cash provided by operating activities	<u>88,509</u>	<u>32,166</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchases of certificates of deposit and investments	(144,270)	(82,976)
Maturities of certificates of deposit and investments	151,666	90,000
Interest and dividends from investments	2,633	2,358
Net cash provided by investing activities	<u>10,029</u>	<u>9,382</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Acquisition of capital assets	(57,817)	-
Capital grants received	11,878	-
Net cash used in capital and related financing activities	<u>(45,939)</u>	<u>-</u>
Net increase in cash and cash equivalents	52,599	41,548
Cash and cash equivalents - beginning of year	<u>68,565</u>	<u>27,017</u>
Cash and cash equivalents - end of year	<u>\$ 121,164</u>	<u>\$ 68,565</u>

TOWN OF LUTCHER
Lutcher, Louisiana
SEWER FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED APRIL 30, 2005 AND 2004

	<u>4/30/05</u>	<u>4/30/04</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Operating loss	\$ (83,067)	\$ (126,658)
Adjustments to reconcile operating loss to net cash provided by operating activities -		
Depreciation	146,898	146,110
Bad debt provision	9,515	430
Amortization of bond issue costs	398	399
Loss in disposition of assets	-	57
Changes in assets and liabilities -		
(Increase) decrease in receivables	(9,628)	29,050
Increase in prepaid expenses and other assets	(1,887)	(3,063)
Increase (decrease) in accounts payable and other liabilities	(3,476)	24,344
Net cash provided by operating activities	<u>58,753</u>	<u>70,669</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchases of certificates of deposit and investments	(218,606)	(108,229)
Maturities of certificates of deposit and investments	217,174	107,315
Interest and dividends from investments	2,227	1,602
Net cash provided by investing activities	<u>795</u>	<u>688</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Acquisition of capital assets	(10,475)	(25,088)
Principal payments on long-term debt	(21,903)	(20,605)
Interest paid on long-term debt	(14,116)	(15,261)
Net cash used in capital and related financing activities	<u>(46,494)</u>	<u>(60,954)</u>
Net increase in cash and cash equivalents	13,054	10,403
Cash and cash equivalents - beginning of year	<u>164,351</u>	<u>153,948</u>
Cash and cash equivalents - end of year	<u>\$ 177,405</u>	<u>\$ 164,351</u>

TOWN OF LUTCHER
Lutcher, Louisiana
SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
YEAR ENDED APRIL 30, 2005

	<u>Address</u>	<u>Phone Number</u>	<u>Salaries during the year ended April 30, 2005</u>
Mayor:			
Troas Poche'	1123 Regina Street Lutcher, Louisiana 70071	(225) 869-5550	\$ 12,000
Aldermen:			
Kendricks Brass	2517 N. Central Ave. Lutcher, Louisiana 70071	(225) 869-8007	4,325
Rebecca Foret	1342 Second Street Lutcher, Louisiana 70071	(225) 869-9015	4,300
Floyd Marshall	P.O. Box 861 Lutcher, Louisiana 70071	(225) 869-8482	4,325
Rowdy Scott	1596 Cabanose Avenue Lutcher, Louisiana 70071	(225) 869-9672	4,300
Patrick St. Pierre	P.O. Box 1128 Lutcher, Louisiana 70071	(225) 869-1050	4,300
Chief of Police:			
Corey Pittman	P.O. Box 1186 Lutcher, Louisiana 70071	(225) 869-4163	<u>24,000</u>
			<u>\$ 57,550</u>



Postlethwaite & Netterville

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September 7, 2005

Board of Alderman
Town of Litcher
Litcher, Louisiana

In planning and performing our audit of the financial statements of the Town of Litcher for the year ended April 30, 2005, we considered the Town of Litcher's internal control over financial reporting to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The following recommendations summarize our comments and suggestions regarding these matters. This letter does not affect our report dated July 21, 2003, on the financial statements of the Town of Litcher.

Oxidation Pond Customers

ML 05-1

Finding

Companies who use the Oxidation Pond for waste disposal should be monitored more closely to ensure that the Town is receiving the proper revenue.

Recommendation

When possible an employee of the Town should monitor the gallons being disposed and ensure that the driver has signed the log. Additionally, the logs should be reviewed to determine that consistent gallons are being reported by each company/truck.

Monitoring of Expenses

ML 05-2

Finding

There are no controls in place to monitor long distance calls and the use of fuel by Town personnel. These types of expenses are susceptible to abuse and should be monitored closely.

Recommendation

The Town should obtain access codes for each employee to control long distance calls and mitigate personal calls. The reports from the phone company that show the calls made for each access code should be reviewed monthly by administrative personnel. The Town is currently using Fuelman for the purchase of fuel. However, no one is reviewing these reports to determine how much fuel is being used by the respective employees nor are the employees required to report their mileage before the fuel is purchased.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with Town of Litcher personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We would also like to take this opportunity to express our appreciation for the cooperation and courtesies extended to us during our audit procedures, and apologize for any inconveniences. We would be pleased to discuss the above matters and help with implementation of procedures at your convenience.

Sincerely,

Paul Belknap

